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PRESIDENT'S ANNUAL REPORT
TO THE STOCKHOLDERS OF THE
St. Joseph Lead Company
FISCAL YEAR ENDING
DECEMBER 31, 1927

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NEW YORK, NY

PRESIDENT'S ANNUAL REPORT

TO THE STOCKHOLDERS OF THE

St. Joseph Lead Company

FISCAL YEAR ENDING

DECEMBER 31, 1927

PRESIDENT'S ANNUAL REPORT TO THE STOCKHOLDERS

OF THE

ST. JOSEPH LEAD COMPANY

FISCAL YEAR ENDING DECEMBER 31, 1927

In the year 1927 cash dividends to the amount of \$5,851,305.00 have been paid to stockholders, and to minority stockholders in subsidiary companies \$93,890.00.

The earnings for the year, after deducting all charges for depreciation, depletion and reserve for Federal Taxes, resulting from the operation for the fiscal year were \$4,027,124.67.

Your mines and mills in St. Francois County, Missouri, produced 4,527,695 tons of ore, 208,381 tons of lead concentrates and 8,390 tons of zinc concentrates. The lead content of the lead concentrates produced was 151,045 tons.

There was produced by Kansas Explorations, Inc., a subsidiary of this company, from its properties in the Tri-State District in Southwest Missouri, Kansas and Oklahoma, 496,610 tons of ore; 2,522 tons of lead concentrates and 26,492 tons of zinc concentrates.

Your Edwards Mine produced 7,705 tons of zinc concentrates.

Production of ore was begun at Mine La Motte in February, 1927, 123,018 tons being shipped to your company's mills in St. Francois County, from which were produced 10,845 tons of lead concentrates. This is in addition to the con-

concentrates produced from your company's own mines in St. Francois County. A mill is now under construction at Mine La Motte.

The smelter production available for sale from the company's own ores was 140,875 tons. The sales of pig lead for the year, including lead purchased from the Bunker Hill & Sullivan Mining & Concentrating Company, amounted to 193,255 tons.

Federal Income Taxes, amounting to \$1,327,226.29 were paid in 1927.

Final audit by the Bureau of Internal Revenue, on account of the years 1917, 1918, 1919 and 1920, has been received. Reserves already set up will be ample to provide for the additional taxes resulting from this audit.

During the year the company has increased its investments in mining property by the acquisition of interests in Montana and has abandoned its active exploration in Bolivia.

The lower selling price of lead and a reduced production account for your company's reduced earnings.

CLINTON H. CRANE,

President.

BALANCE SHEETS

S T. J O S E P H
AND SUBSIDIARY
CONSOLIDATED BALANCE

ASSETS

CAPITAL ASSETS:

Ore reserves and mineral rights, including appreciation arising from revaluation.....	\$32,693,420.63	
Less—Reserve for depletion.....	21,589,963.36	\$11,103,457.27
Buildings, plant and equipment.....	\$16,960,888.23	
Less—Reserve for depreciation.....	4,969,504.10	11,991,384.13
Railroad property and equipment.....	\$ 3,748,544.44	
Less—Reserve for depreciation.....	720,959.14	3,027,585.30
		<u>\$26,122,426.70</u>

INVESTMENTS:

Sundry securities and loans.....	\$ 1,046,303.29	
Mine La Motte lease.....	281,158.89	
		<u>1,327,462.18</u>

CURRENT AND WORKING ASSETS:

Inventories at cost:

Lead and zinc.....	\$ 1,329,600.45	
Materials and supplies.....	1,977,987.21	
	<u>\$ 3,307,587.66</u>	
Accounts receivable.....	1,481,460.20	
Collateral loans.....	1,658,472.38	
Marketable securities.....	7,981,847.10	
Cash in banks, on hand and in transit.....	2,742,589.00	17,171,956.34

DEFERRED CHARGES:

Prepaid insurance, taxes, etc.....	362,643.71	
	<u>\$44,984,488.93</u>	

We have examined the books and accounts of the St. Joseph Lead Company and its subsidiary companies for the year ending December 31, 1927, and we certify that the above balance sheet and relative surplus account have been correctly prepared therefrom, and, in our opinion, fairly set forth the financial position of the company and the result of operations for the year.

56 Pine Street,
New York.
March 3, 1928.

PRICE, WATERHOUSE & Co.

H LEAD COMPANY

BY COMPANIES

CE SHEET, DECEMBER 31, 1927

LIABILITIES

CAPITAL STOCK:

Authorized—2,000,000 shares of \$10 each.....	\$20,000,000.00	
Issued—1,996,770 shares.....	\$19,967,700.00	
Less—In treasury—46,332 shares.....	463,320.00	
	<u>\$19,504,380.00</u>	
Scrip outstanding.....	708.50	\$19,505,088.50

MINORITY INTEREST IN SUBSIDIARY COMPANIES:

Capital stock, par value.....	\$ 235,860.00	
Proportion of surplus applicable thereto.....	27,169.30	263,029.30

PURCHASE MONEY OBLIGATIONS, payable in annual amounts to September 30, 1930.....		522,500.00
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CURRENT LIABILITIES:

Accounts payable.....	\$ 1,273,297.31	
Wages accrued.....	114,591.97	
Provision for 1927 Federal income tax.....	781,098.84	
	<u>\$ 2,168,988.12</u>	
Dividends declared, payable quarterly in 1928.....	5,851,314.00	8,020,302.12

RESERVE FOR CONTINGENCIES, ETC.:

(Including Federal taxes of prior years).....		1,819,579.12
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SURPLUS, per statement attached.....		14,853,989.89
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\$44,984,488.93

ST. JOSEPH LEAD COMPANY

AND SUBSIDIARY COMPANIES

SURPLUS ACCOUNT, DECEMBER 31, 1927

Surplus at December 31, 1926, including surplus arising from revaluation of ore reserves and mineral rights.....		\$16,678,197.22
Profit from operations for the year ending December 31, 1927, after writing off development and exploration expenses on properties abandoned, but before providing for depreciation, depletion and Federal income tax.....	\$ 7,324,904.37	
Add—Interest, dividends and miscellaneous income...	957,405.56	
		<u>\$ 8,282,309.93</u>
Deduct—Provision for:		
Depreciation	\$ 967,636.34	
Depletion	2,438,521.67	
Federal income tax.....	781,098.84	4,187,256.85
		<u>\$ 4,095,053.08</u>
Deduct—Proportion of profit applicable to minority interests	67,928.41	4,027,124.67
		<u>\$20,705,321.89</u>
Deduct—Dividends declared, payable quarterly during 1928.		5,851,332.00
Surplus at December 31, 1927.....		<u><u>\$14,853,989.89</u></u>

NOTE—The above surplus comprises:

Surplus as shown by balance sheet of parent company at December 31, 1927	\$13,080,430.14
Accumulated surplus of subsidiary companies, including that arising from revaluation of ore reserves and mineral rights, in excess of surplus reflected on books of parent company.....	1,773,559.75
	<u><u>\$14,853,989.89</u></u>

ST. JOSEPH LEAD COMPANY

(PARENT COMPANY)

INVESTMENTS IN SUBSIDIARY COMPANIES

DECEMBER 31, 1927

	No. of shares outstanding	Par value per share	Percentage of outstanding shares owned
The Doe Run Lead Company.....	65,749	\$100.00	96.43%
<u>Kansas Explorations, Inc.</u>	8,000	100.00	100.00%
Bonne Terre Farming and Cattle Company.....	50,000	10.00	99.91%
Mississippi River and Bonne Terre Railway.....	30,000	100.00	99.97%

ST. JOSEPH LEAD COMPANY

AND SUBSIDIARY COMPANIES

STATEMENT OF ESTIMATED AND ACTUAL NET INCOME

FOR THE YEAR ENDING DECEMBER 31, 1927

	Estimated	Actual
Net income, before providing for depreciation, depletion and Federal income tax.....	\$7,900,000.00	\$8,214,381.52
<i>Deduct—Provision for:</i>		
Depreciation	\$ 900,000.00	\$ 967,636.34
Depletion	2,700,000.00	2,438,521.67
Federal income tax.....	700,000.00	781,098.84
	<u>\$4,300,000.00</u>	<u>\$4,187,256.85</u>
Net income for the year ending December 31, 1927....	<u>\$3,600,000.00</u>	<u>\$4,027,124.67</u>

ST. JOSEPH LEAD
(PARENT COMPANY)

BALANCE SHEET DECEMBER 31, 1927

ASSETS

CAPITAL ASSETS:

Ore reserves and mineral rights.....	18,815,952.25	
Less—Reserve for depletion.....	12,283,139.85	\$ 6,532,812.40
Buildings, plant and equipment.....	\$12,320,276.52	
Less—Reserve for depreciation.....	3,395,425.59	8,924,850.93
		<u>\$15,457,663.33</u>

INVESTMENTS IN AND ADVANCES TO SUBSIDIARY COMPANIES:

Investments	\$ 8,210,944.57	
Advances	2,601,635.42	10,812,579.99

OTHER INVESTMENTS:

Sundry securities and loans.....	\$ 804,368.41	
Mine La Motte lease.....	281,158.89	1,085,527.30

CURRENT AND WORKING ASSETS:

Inventories at cost:

Lead and zinc.....	\$ 902,710.89	
Materials and supplies.....	1,653,761.67	
	<u>\$ 2,556,472.56</u>	
Accounts receivable.....	1,379,952.02	
Collateral loans.....	1,658,472.38	
Marketable securities.....	6,451,251.48	
Cash in banks, on hand and in transit.....	2,246,159.82	14,292,308.26

DEFERRED CHARGES:

Prepaid insurance, taxes, etc.....	265,635.24
	<u>\$41,913,714.12</u>

We have examined the books and accounts of the St. Joseph Lead Company for the year ending December 31, 1927, and we certify that the above balance sheet and relative surplus account have been correctly prepared therefrom, and, in our opinion, fairly set forth the financial position of the company and the result of operations for the year.

PRICE, WATERHOUSE & CO.

56 Pine Street,
New York,
March 3, 1928.

LEAD COMPANY

COMPANY)

DECEMBER 31, 1927

LIABILITIES

CAPITAL STOCK:

Authorized—2,000,000 shares of \$10 each..... \$20,000,000.00

Issued—1,996,770 shares..... \$19,967,700.00

Less—In treasury—46,332 shares..... 463,320.00

\$19,504,380.00

Scrip outstanding..... 708.50 \$19,505,088.50

PURCHASE MONEY OBLIGATIONS, payable in annual amounts to
September 30, 1930..... 522,500.00

DUE TO SUBSIDIARY COMPANIES..... 130,256.84

CURRENT LIABILITIES:

Accounts payable..... \$ 1,126,024.09

Wages accrued..... 71,204.98

Provision for 1927 Federal income tax..... 321,601.68

\$ 1,518,830.75

Dividends declared, payable quarterly in 1928..... 5,851,314.00 7,370,144.75

RESERVE FOR CONTINGENCIES, ETC.:

(Including Federal taxes of prior years)..... 1,305,293.89

SURPLUS, per statement attached..... 13,080,430.14

\$41,913,714.12

ST. JOSEPH LEAD COMPANY

(PARENT COMPANY)

SURPLUS ACCOUNT, DECEMBER 31, 1927

Surplus at December 31, 1926.....				\$13,654,151.52
Profit from operations for the year ending December 31, 1927 after writing off exploration expenses on proper- ties abandoned, but before providing for depreciation, depletion and Federal income tax.....	\$ 3,865,490.23			
Add—Interest, dividends and miscellaneous income, including dividends received from subsidiary com- panies	3,783,097.35			
				<hr/>
	\$ 7,648,587.58			
Deduct—Provision for:				
Depreciation	\$ 638,114.24			
Depletion	1,411,261.04			
Federal income tax.....	321,601.68	2,370,976.96	5,277,610.62	
				<hr/>
				\$18,931,762.14
Deduct—Dividends declared, payable quarterly during 1928			5,851,332.00	
				<hr/>
Surplus at December 31, 1927.....				<u>\$13,080,430.14</u>